BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

Docket No. 00I-494T

IN THE MATTER OF THE INVESTIGATION INTO MODIFICATION OF COMMISSION PRACTICES AND POLICIES REGARDING INTERCARRIER COMPENSATION

STIPULATION RESTRUCTURING INTRASTATE ACCESS RATES

Qwest Corporation ("Qwest"), AT&T Communications of the Mountain States, Inc. ("AT&T"), WorldCom, Inc. ("WorldCom"), Sprint Communications Company, L.P. ("Sprint") and the Colorado Telecommunications Association, on behalf of the following members: Agate Mutual Telephone Cooperative Association; Big Sandy Telecom, Inc.; Blanca Telephone Company; CenturyTel; Columbine Telecom Company; Delta County Tele-Com, Inc.; Dubois Telephone Exchange, Inc.; Eastern Slope Rural Telephone Association, Inc.; El Paso County Telephone Company; Farmer's Telephone Company, Inc.; Haxtun Telephone Company; Nucla-Naturita Telephone Company; Nunn Telephone Company; Peetz Cooperative Telephone Company; Phillips County Telephone Company; Pine Drive Telephone Company; Plains Cooperative Telephone Association, Inc.; Rico Telephone Company; Roggen Telephone Cooperative Company; Rye Telephone Company; South Park Telephone Company; Stoneham Cooperative Telephone Corporation; Strasburg Telephone Company; Sunflower Telephone Company, Inc.; Union Telephone Company; Wiggins Telephone Association; and Willard Telephone Company. ("CTA"), jointly referenced in this Stipulation as "the Parties," through their respective counsel, agree and stipulate to the intercarrier compensation mechanisms as stated herein.

INTRODUCTION

a) The Parties to this Stipulation agree that the Colorado Public Utilities Commission's (the "Colorado Commission") investigation addressing intercarrier compensation, Docket No. 00I-494T, is a timely and important initiative to reform intercarrier compensation. The Colorado Commission's suggestion to reform intercarrier compensation, and in particular its consideration of intrastate switched access rate restructuring is a positive step toward the development of competitive markets to the benefit of Colorado's telecommunications consumers.

b) The Parties hereto represent a range of business perspectives in the Colorado telecommunications industry and include incumbent local exchange providers, competitive local exchange providers and interexchange carriers.

c) The Parties agree that the regulated intrastate access regime is a fundamental component to intercarrier compensation policy.

d) It is the Parties' position that the economic forces of the market are the best mechanisms to establish competitive rates that most benefit consumers.

e) The Parties have reached agreement with respect to the restructuring of intrastate regulated access in a manner that will foster several significant public policy interests as stated in the Commission's orders in this docket. These interests include precluding the pricing distortions that the current intercarrier compensation regime promotes; encouraging competition in telecommunications markets; and allowing carriers the flexibility to offer commercially attractive packages to retail customers.

The Parties therefore stipulate and agree to the following:

1. The current Colorado regulated intrastate access charge regime shall be restructured in a manner that mirrors Qwest's currently tariffed interstate rate structure[1], which is comprised of switched access charges ("switched access") and a subscriber line charge (collectively, switched access and the subscriber line charge shall hereinafter be referred to as "Access"). This intrastate restructuring shall be accomplished by simultaneously reducing intrastate switched access rates and, on a revenue neutral basis, implementing an intrastate subscriber line charge for each residential and business line (which intrastate subscriber line charge shall hereinafter be referred to as the "ISLC"). The reduction in intrastate switched access rates shall be accomplished by substituting Qwest's currently tariffed interstate switched access rates for Qwest's existing intrastate switched access rate structure. The Parties anticipate that the amount of the ISLC will be approximately $1.70 per access line per month. Access lines for which eligible subscribers pay reduced charges under the provisions of the Colorado low-income telephone assistance program ("Lifeline access lines") shall be exempt from the ISLC. Once the ISLC is established, future regulated intrastate Access charge changes shall be implemented in the same manner, with changes to regulated intrastate switched access charge rates being restructured by corresponding revenue-neutral changes to the ISLC. The ISLC will be charged to an access line without regard to whether the end user has pre-subscribed to an interexchange carrier.

[1] The following exceptions apply. Neither the interstate Pre-subscribed Interexchange Carrier Charge (PICC) nor the interstate volume discount price plans shall apply to the Colorado rate structure. The current Colorado Equal Access and Network Reconfiguration Recovery Charge shall continue to apply in Colorado in accordance with Decision No. R99-985 issued in Docket No. 99S-110T.

2. This paragraph 2 and its subparts specifies the terms for the restructuring of Colorado intrastate Access for the Colorado Rural Independent Local Exchange Companies ("RLECs"). The rate changes stated in this paragraph apply only to this Stipulation, and no other rate changes may be made on the basis of the agreements and statements contained in this Stipulation. Any Party, however, may advocate or request rate changes in proceedings other than proceedings considering approval or implementation of this Stipulation. For the RLECs and on a company-specific basis:

a) Access charges shall be restructured on a revenue neutral basis;

b) the restructure shall be accomplished by reducing the existing intrastate carrier common line ("CCL") rates to $0.00 and offsetting the CCL reduction, in part, by an intrastate subscriber line charge ("ISLC") that shall be established at an amount per access line per month not to exceed that established for Qwest in paragraph 1 above. Eligible RLEC Colorado low-income telephone assistance program subscribers ("Lifeline access lines") shall be exempt from the ISLC;

c) if revenue neutrality is not achieved from ISLC revenues, any shortfall shall be recovered from the High Cost Support Mechanism ("HCSM").

i) Any HCSM support amount provided to an RLEC for this Access restructure shall not be subject to Part II HCSM "phase-down."

ii) Additionally, any such HCSM support required for this Access restructure shall be subject to future adjustment upon Commission action following that company's voluntary filing of a simplified access rate proceeding; a general rate proceeding; as a result of a complaint or other proceeding properly initiated under the Commission's rules.

iii) This HCSM support shall be portable in accordance with applicable relevant federal and state laws, rules, regulations and orders.

d) In the event, at implementation, the ISLC results in revenue in excess of the revenue deficiency created by elimination of the CCL, the affected RLEC shall establish its ISLC so that revenue received by the ISLC is equal to the revenue deficiency created by elimination of the CCL;

e) the Access restructure revenue replacement mechanism agreed to in this paragraph 2 shall not replace or affect the availability and applicability of Part II of the HCSM to the RLECs; and

f) the ISLC shall be recorded as intrastate access revenue in accordance with 47 C.F.R., Part 32, Uniform System of Accounts. Consistent with the treatment of the ISLC, revenues recovered from the HCSM shall also be recorded as intrastate access revenues.

3. With respect to the initial restructuring of Colorado intrastate Access, on a date to be determined by the Colorado Commission, a reduction in intrastate switched access rates shall be implemented on a revenue neutral basis as described in Paragraphs 1 and 2.

4. If the FCC orders any future changes in interstate switched access rates, then Qwest's recurring rates for intrastate switched access in Colorado shall be adjusted on a revenue neutral basis in the manner set forth in paragraph 1 herein. Within ninety days of the effective date of an FCC order requiring changes in interstate switched access rates, Qwest shall file proposed tariffs with the Colorado Public Utilities Commission to simultaneously implement the changes in intrastate switched access rates and the offsetting changes in the ISLC effective on a date to be determined by the Colorado Commission.

5. No local exchange provider, with the exception of RLECs who are governed by paragraph 2 above, shall charge switched access rates higher than Qwest's described in paragraphs 1, 3 and 4 above.

6. No local exchange provider, with the exception of RLECs who are governed by paragraph 2 above, shall charge an ISLC higher than Qwest's described in paragraphs 1, 3 and 4 above.

7. The ISLC shall be assessed by all local exchange providers upon requesting providers that purchase local exchange services for resale.

8. If the commission does not adopt all material provisions of this stipulation in their entirety or any portion thereof are found to be invalid or illegal, then all rates and rate changes provided for in this Stipulation are null and void and will revert to the pre-stipulated rates.

9. Carriers providing intrastate interexchange services shall not be required by the Colorado Commission to reduce their intrastate interexchange rates to consumers in any amount of the savings realized through any of the switched access rate reductions provided in this Stipulation.

10. The restructuring of the Colorado regulated intrastate Access charge regime will effect a change in the calculation of the amount of intrastate revenues per access line (defined as the "Revenue Benchmark"[2]) calculated under Part I of the Colorado Public Utilities Commission rules for the HCSM because of the formula used to develop the Residential Revenue Benchmark[3] and the Business Revenue Benchmark[4]. The Parties will not oppose any rate increases resulting from the determination of HCSM "New Support"[5] based upon any reduction in support resulting

[2] 4 CCR 723-41-2.15 (1999).
[3] 4 CCR 723-41-2.15.1 (1999).
[4] 4 CCR 723-41-2.15.2 (1999).
[5] As defined in 4 CCR 723-41-8.8.2 (1999).

from the restructuring of the regulated intrastate Access charge regime or any subsequent change to switched access rates or the ISLC. Any rate increase that may be required shall not include intrastate switched access charges.

11. The Parties shall, in good faith, actively advocate in support of this Stipulation, in its entirety, the agreements reached and positions taken herein and shall represent to the Colorado Commission and any reviewing appellate court in this or any related docket or case that they recommend acceptance of all the terms of this Stipulation in its entirety. As a part of their advocacy in support of this Stipulation, the Parties agree to jointly make a filing with the Commission and seek approval of this Stipulation, general applicability of the Stipulation and an order granting any waivers necessary to implement the Stipulation. The Parties also agree that their advocacy includes initiation of, or participation in, any subsequent rulemaking proceedings related to the substance of this Stipulation.

12. Nothing in this Agreement shall constitute a waiver by any Party with respect to any matter not specifically addressed in this Agreement.

13. The Parties state that in reaching the agreements contained herein by means of a negotiated process is in the public interest and that the results of the compromises and agreements reflected herein are just, reasonable, and in the public interest.

14. This Agreement may be executed in separate counterparts. The counterparts taken together shall constitute the whole Agreement.

DATED THIS 2ND DAY OF AUGUST, 2002.

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